

# EXHIBIT 3

**UNITED STATES of AMERICA**  
**VS**  
**METHODIST LE BONHEUR HEALTHCARE, et al.**

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**CHRIS MCLEAN**

**August 11, 2022**



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1 **A. All of the billing employees in the cancer**  
 2 **service line were leased to Methodist.**  
 3 Q. Was the person responsible or people  
 4 responsible for West payroll leased to Methodist?  
 5 **A. The -- yes.**  
 6 Q. Did West -- do you know who that person was?  
 7 **A. No.**  
 8 Q. Did Methodist pay West -- strike that.  
 9 Did West reimburse Methodist for any amounts  
 10 for the payroll person or persons to handle the  
 11 West payroll as opposed to a Methodist item?  
 12 **A. Yes, through our reconciliation process, we**  
 13 **did pick up the personnel cost center that would**  
 14 **have had those people in it and allocated a**  
 15 **percentage of the costs of everybody in that cost**  
 16 **center to charge West.**  
 17 Q. What was this reconciliation process?  
 18 **A. The reconciliation process was a process to**  
 19 **receive payment from West Clinic, P.C. for any**  
 20 **activities that were done with our people, because**  
 21 **keep in mind all the leased employees were**  
 22 **effectively ours, or facilities that related to**  
 23 **those people with -- to capture cost for any time**  
 24 **and effort that they were spending on non-Methodist**  
 25 **activities, cancer center service line activities.**

1 Q. How is that reconciliation done?  
 2 **A. So do you want me to start from how we -- how**  
 3 **we developed it and then how it was done going --**  
 4 **what do you mean by how was it done?**  
 5 Q. You did the reconciliation. What was done?  
 6 I have zero understanding of the --  
 7 **A. Okay.**  
 8 Q. -- reconciliation process.  
 9 **A. Okay. So let's start at the start. So right**  
 10 **after we entered into this agreement, we knew that**  
 11 **we needed to bill them back for activities. We**  
 12 **identified those activities and billing was the**  
 13 **largest one, but then you had some overhead people**  
 14 **and overhead cost that we needed to bill back also.**  
 15 **So I actually started the process. I went**  
 16 **through the budgets we initially prepared for 2012,**  
 17 **identified specific cost centers where clearly --**  
 18 **and we had back and forth on, you know, who was**  
 19 **doing what. So identify cost centers -- that**  
 20 **included people -- that could or should be doing**  
 21 **part of their time for non-Methodist activities.**  
 22 **I pulled or developed a process, and I**  
 23 **outlined it in writing that I gave to West early**  
 24 **on, is this is what I'm planning to do. Then I**  
 25 **proposed the exact amount, the exact process, and**

1 the exact formula that we would use.  
 2 I sent that proposed formula to them. They  
 3 agreed to it. And then we followed that formula on  
 4 a consistent basis throughout the term of the  
 5 agreement.  
 6 Q. Did you look at the document that you're  
 7 referring to in preparation for this deposition?  
 8 **A. I refreshed my memory on some of the details**  
 9 **that supported that calculation in advance of this**  
 10 **deposition.**  
 11 Q. What was the formula that you used?  
 12 **A. So for billing, we pulled all the billing**  
 13 **cost centers together and we did it on a basis of**  
 14 **cash collections. So cash collections for Methodist**  
 15 **activity, cash collections for non-Methodist**  
 16 **activity. Initially it was just Corinth, but it**  
 17 **expanded over time as they added other sites.**  
 18 **And we took a percentage. So we thought**  
 19 **that was the most logical way, so if 12 percent of**  
 20 **the -- and also we were collecting the rolled AR,**  
 21 **so we had to charge them for that.**  
 22 **So if the percentage of collections for**  
 23 **non-Methodist business was 12 percent, we basically**  
 24 **took 12 percent of the billing operation, and that**  
 25 **was part of it.**

1 **Then I went through and identified overhead**  
 2 **areas where people like Erich were, Ron were,**  
 3 **personnel were, the controller was, and I just**  
 4 **didn't pull those individuals, I pulled everybody**  
 5 **that were in those cost centers under the belief**  
 6 **they may have used other people to help them.**  
 7 **And based on a study and a look at the**  
 8 **detail cost, we came up with an estimated**  
 9 **percentage that we think covered that.**  
 10 **Now, anybody could argue that some of the**  
 11 **costs that were in there probably weren't related.**  
 12 **For instance, advertising that was done was in**  
 13 **there, and I was still charging a percentage of**  
 14 **that out. But we knew that some may be too high**  
 15 **and some may be too low, but I felt, you know,**  
 16 **based on these type of allocations I've done, this**  
 17 **cost center in total times the percentage of**  
 18 **non-Methodist would yield a reasonable answer for**  
 19 **the overhead allocation.**  
 20 **Over the seven years, it was over**  
 21 **\$8 million, so it was over a million dollars a year**  
 22 **on average that we charged them through this**  
 23 **process.**  
 24 Q. And that was for personnel time and overhead?  
 25 **A. Yes.**

1 Q. What about office space?

2 A. So for separate identified lease space, such  
3 as we had the billing office and many of the finance  
4 overhead people in a specific lease space, I pulled  
5 the full lease and then used the percentage.

6 Q. What about Wolf River?

7 A. Well, Wolf River wasn't a leased space, it  
8 was an owned space by us, so --

9 Q. Did West pay any money to Methodist to  
10 operate any business out of Wolf River?

11 A. In the overhead allocation process, we didn't  
12 have a specific line for Wolf River, although there  
13 were items like maintenance contracts and  
14 maintenance expenses in the overhead cost center  
15 they got a piece of.

16 But as far as did we say an imputed lease  
17 for Wolf River is X, this amount of time for the  
18 people in Wolf River? We did not. Those were very  
19 minor amounts, and given the overall process we  
20 came up with, we thought that it yielded a good  
21 answer in total, knowing that you're never going to  
22 be identifying specific costs.

23 So they may have been charged for some costs  
24 that they could claim was not theirs. Some of  
25 these that were difficult to do, we didn't do. But

1 the overall process and the overall answer we think  
2 is a reasonable way to compensate Methodist for  
3 non-Methodist activities.

4 Q. By "we" you mean you -- what do you mean by  
5 "we"?

6 A. Well, I developed it and West Clinic, P.C.  
7 agreed to it.

8 Q. Okay. Did any outside party review the  
9 reconciliation process and the methodology to  
10 confirm that it was a reasonable method?

11 A. By "outside party" who do you mean?

12 Q. A third party. An auditor, for example.

13 A. No.

14 Q. Did any internal auditor review your  
15 reconciliation process and formula?

16 A. I had Darryl Arbor go in to do an internal  
17 audit. I may have shown that to him, but I'm not  
18 sure.

19 Q. Okay. During the course of the seven years,  
20 did you change the methodology for the  
21 reconciliation process at all?

22 A. It changed each year on the collection side  
23 based on the ratio of collections. So that was an  
24 annual change.

25 But the overall philosophy and areas of

1 overhead costs that we used did not change. The  
2 cost in those overhead areas obviously increased  
3 dramatically over time.

4 Q. Do you know what percentage of time

5 Mr. Mounce would work on West matters that were  
6 unrelated to Methodist?

7 A. No.

8 Q. Did you ever have any discussions with

9 Mr. Mounce about how much time he was spending on  
10 business for West as opposed to Methodist?

11 A. No, but when I initially set up the formula,  
12 I had discussions of who potentially would be doing  
13 other things, which I used to come up with the  
14 percentage.

15 So in the initial process, I did have those  
16 discussions. On a year in and year out? No.

17 Q. Did your reconciliation process take into  
18 account work that West might be doing to build the  
19 business of West that was unsuccessful?

20 MR. ROARK: Object to the form.

21 THE WITNESS: In my opinion and  
22 expertise, I believe it did.

23 BY MS. SWEET:

24 Q. What is your basis for that?

25 A. I -- one of the things I have done in

1 healthcare is cost allocations for my entire 30-year  
2 career and understand the way to do cost  
3 allocations.

4 And philosophically and my experience says  
5 don't try to get into the details because you'll  
6 get overwhelmed. Pull a big bucket of costs that  
7 should cover everything and come up with a  
8 percentage that should cover all of those factors  
9 that are in there at a reasonable level.

10 So that was my logic for answering that way  
11 and doing it this way.

12 Q. So if West was attempting to acquire an  
13 additional location that did not pan out, was that  
14 captured at all in your reconciliation, the time  
15 spent on doing that?

16 A. In my opinion, yes.

17 Q. In your opinion?

18 A. In my opinion, yes.

19 Q. Did Methodist pay West more under the  
20 professional services agreement than -- I'm sorry.  
21 Strike that.

22 Prior to the transaction with West, did  
23 Methodist pay West physicians for their  
24 professional services through a wRVU rate?

25 A. Repeat that, please.

1 ability to pay their copays and deductibles.

2 You could have commercial insurance that's  
3 really bad commercial insurance and you've got a  
4 \$10,000 deductible that you don't have the ability  
5 to pay, so I wouldn't count all commercial patients  
6 as patients with means.

7 And then obviously you've got the uninsured,  
8 which don't have means. You have Medicaid, which  
9 is even people poorer than the uninsured, you've  
10 got to be -- to have really low income, you know.

11 And then you have Medicare patients, some of  
12 who have secondary, who have the ability to pay  
13 their coinsurance and copays.

14 And you have other low income Medicare that  
15 don't have the ability to -- where you can get the  
16 Medicare payment but you can't collect the copay  
17 and deductible.

18 So when you define "means," I kind of break  
19 it into the pieces. And it's not only do you have  
20 insurance, but do you have insurance and are you  
21 able to pay the part that insurance doesn't pay?

22 So it's a complicated definition, but that's  
23 how I looked at it and how I used the definition.

24 Q. Okay. And at the time that Methodist entered  
25 into the transaction with West, did Methodist expect

1 that the patients with means -- there would be more  
2 patients with means coming to Methodist for cancer  
3 care?

4 MR. ROARK: Object to the form.

5 **THE WITNESS:** So the answer is no,  
6 because we already had commercial contracts that  
7 directed many of them. So there was steerage that  
8 we were getting even without the West deal.

9 For some of the Medicare or commercial  
10 plans that didn't have steerage, again, I go back to  
11 what we said, we were going to build a better cancer  
12 service line, and we expected it to attract more  
13 patients. We expected to attract more patients with  
14 means, and we expected -- and we were going to work  
15 hard to attract more patients without means.

16 So we were looking to serve the entire  
17 community, both means and without means. And if we  
18 did it right, we hoped that it would lead to more  
19 patients coming for a better service.

20 BY MS. SWEET:

21 Q. At the time that Methodist entered into a  
22 contractual relationship with West in 2011, was it  
23 aware that West physicians had referred more  
24 patients to Baptist for inpatient services than to  
25 West?

1 A. We didn't run specific numbers. We did know  
2 historically they were closer tied to Baptist in  
3 their history. And the cancer group that we were  
4 working with, UTCI, was more closely related to us.

5 So we knew the general market layout. We  
6 didn't know the specific -- or we didn't pull up  
7 the specific volumes.

8 Q. Did the amount of West inpatient referrals to  
9 Methodist increase in 2012 as compared to the number  
10 of inpatient referrals in 2011?

11 A. So that is something we didn't routinely run.  
12 Looking back and preparing for this testimony, I did  
13 see where there were some specific reports that were  
14 run over time that tracked that. And looking back  
15 on those reports, it did go up.

16 At the time, that wasn't something that we  
17 were tracking, but on a -- but on a non-routine  
18 basis, those reports were pulled and I can see that  
19 the volume from West did change.

20 At the same time, what's missing from there  
21 is UTCI moved from us to Baptist, so I've never  
22 calculated, but I would -- it could be that UTCI  
23 referrals went down.

24 It's always -- there's so many factors going  
25 in, you know, volume numbers, but did the West

1 numbers go up? Based on the reports I've seen  
2 preparing for this, it did.

3 Q. Okay. And did the West numbers also go up  
4 from -- in 2013 over 2012?

5 A. There was a report that Ron ran that had each  
6 of the years -- I can't -- that I reviewed. I think  
7 it did, but I'm not certain. I'd have to go back  
8 and look at that to be sure.

9 Q. And do you think from 2014, was there almost  
10 a double increase from the numbers in 2011?

11 A. I don't remember that. I'd have to see  
12 specific numbers, but I don't remember that.

13 Q. Okay. Did the amount of West referrals to  
14 Baptist decrease in 2012 as compared to 2011?

15 A. For inpatients?

16 Q. Yes.

17 A. From that report, yes.

18 Q. Okay. At the time that Methodist entered  
19 into a contractual relationship with West in 2011,  
20 was Methodist aware that it could be a violation of  
21 the Anti-Kickback Statute to pay physicians in  
22 exchange for referrals?

23 MR. ROARK: Object to the form.

24 **THE WITNESS:** Can you repeat that?

25 ///



1 **THE WITNESS: What do you mean by**  
2 **"principal place of business"?**  
3 BY MS. SWEET:  
4 Q. For purposes of entering into contracts?  
5 MR. ROARK: Object to the form.  
6 BY MS. SWEET:  
7 Q. Signature blocks. Medicare.  
8 MR. ROARK: Same objection.  
9 **THE WITNESS: So let me answer it how I**  
10 **can know to answer it.**  
11 **Were there some administrative types at**  
12 **Wolf River, such as Erich, that had an office? Yes.**  
13 **Were other administrative individuals at other**  
14 **locations? Yes. So that's -- that's all I know how**  
15 **to answer that.**  
16 BY MS. SWEET:  
17 Q. Did West pay Methodist any amount of rent for  
18 space at Wolf River?  
19 **A. I could answer, again, I'm going to go back**  
20 **to how we did a reconciliation process, what was**  
21 **included and why we thought it was reasonable.**  
22 **So the answer would be the same answer I've**  
23 **already given.**  
24 Q. Okay. There was no -- there was no lease  
25 between Methodist and West with respect to office

1 space; is that right?  
2 MR. ROARK: Object to the form.  
3 **THE WITNESS: What do you mean by**  
4 **"lease"?**  
5 BY MS. SWEET:  
6 Q. A lease.  
7 **A. Do you mean a formal lease agreement that's**  
8 **signed by parties? Is that what --**  
9 Q. Yes.  
10 **A. I'm help -- I'm trying to understand.**  
11 Q. Okay. I mean, I don't -- as a CFO and  
12 someone with your background, I assume that you  
13 understand what a lease is, right?  
14 MR. ROARK: Object to the form.  
15 BY MS. SWEET:  
16 Q. Was there a lease between Methodist and West  
17 with respect to office space?  
18 **A. No. There was not a lease, but there was a**  
19 **reconciliation agreement that should have picked up**  
20 **cost that covered those type of activities in the**  
21 **methodology that we used in the overall allocation**  
22 **that we came up with.**  
23 Q. What is the lift?  
24 **A. So that's a term that different people use at**  
25 **various times over the course of the agreement. The**

1 **most common use of it was we entered into a**  
2 **contractual agreement with the University of**  
3 **Tennessee to provide additional payments to them for**  
4 **support of education, research, and clinical**  
5 **expertise growth for the cancer service line.**  
6 **To me that's -- everyone used the term**  
7 **"lift," but to me it was -- it was a separate**  
8 **contractual agreement with payments out of the**  
9 **funds that we provided for a specific purpose.**  
10 Q. And what are the cancer mission support  
11 funds?  
12 **A. Again, that's another term that was commonly**  
13 **used for the same thing. Everybody has their own**  
14 **terms.**  
15 Q. Okay. Do you have an understanding that the  
16 cancer mission support funds came from revenues from  
17 the service line?  
18 **A. No.**  
19 Q. Where did the cancer mission support funds  
20 come from?  
21 **A. That was an agreement directly between**  
22 **Methodist and UT to provide \$5 million for specific**  
23 **purposes.**  
24 **And those payments continued after our**  
25 **agreement with West ended. So that was a**

1 **responsibility of Methodist's to pay it from**  
2 **whatever funds they had to meet a contractual**  
3 **obligation that we have with UT.**  
4 Q. And the \$5 million, did those come -- did --  
5 during the course of the relationship between  
6 Methodist and West, did that come from revenues from  
7 the adult oncology service line?  
8 **A. It came from Methodist.**  
9 Q. And where did the money come from from  
10 Methodist for that cancer mission support funds?  
11 **A. It came from our overall financial position**  
12 **and financial performance as a system.**  
13 Q. Are you going to say money is money? That's  
14 what Mr. --  
15 **A. I am not going to say money is money. That's**  
16 **a strange term to me also.**  
17 **We had numerous agreements with UT to pay**  
18 **for numerous things, and we paid them based on our**  
19 **contractual responsibilities.**  
20 Q. Did you read the deposition transcript of  
21 Mr. Lane's testimony?  
22 **A. I did.**  
23 Q. Okay. And he said "money is money," right?  
24 **A. I think you said it and he agreed and then**  
25 **you all started using it, and it's just a bizarre**

1 that?"

2 So, I mean, that's not surprising or  
3 unusual. Obviously the finance people were more  
4 involved than the administrative people and the  
5 administrative people were more involved than the  
6 doctors.

7 BY MS. SWEET:

8 Q. How did the West Clinic benefit financially  
9 from the revenue for the oral pharmacy?

10 A. West Clinic --

11 MR. ROARK: Object to the form.

12 THE WITNESS: -- PC?

13 BY MS. SWEET:

14 Q. Yes.

15 A. There was no -- that was our outpatient  
16 pharmacy. All the financial performance of that  
17 came back to us.

18 Reporting back to the West Clinic, P.C. and  
19 the physicians would -- I would hope would go back  
20 and say, hey, these drugs are working.

21 And certain docs many times were using the  
22 drugs outpatient, others weren't. Educating the  
23 entire group, changing practice plans to say  
24 instead of giving, you know, outpatient chemo  
25 infusion, which is more invasive, let's use this

1 outpatient pharmacy.

2 Q. Was the revenue for oral pharmacy program a  
3 component of the fair market valuation in the  
4 management services agreement --

5 A. I'm not sure.

6 Q. -- in 2014?

7 A. I am not sure how that fair market value  
8 appraisers took that for the management services  
9 agreement. I mean, we'd have to trace it back  
10 through.

11 I don't remember, as I went back and read  
12 it, whether that was in it or not, but, again, they  
13 have a fair market approach, a cost approach. They  
14 have numerous ways that they did it, so I'm not  
15 sure how it impacted their final fair market value  
16 opinion.

17 Q. Was the total revenue for the adult oncology  
18 service line a component in the fair market  
19 valuation?

20 A. We produced various reports. How the --  
21 those reports were used by the appraisers, I am not  
22 sure.

23 We were asked, clearly by this, to produce  
24 that information, which we did. And how the  
25 appraiser used it, I am not sure, in reaching their

1 drug and do it on an outpatient basis in these  
2 doses from these manufacturers, that could have  
3 been the key feedback that we wanted to continue to  
4 occur and we saw occurring.

5 Q. Did the cost savings that Methodist realized  
6 from the oral pharmacy program impact the West  
7 Clinic's financials?

8 A. What do you mean by West Clinic's financials?  
9 Are you asking whether we made a payment based on  
10 the money that we made on the outpatient pharmacy?  
11 The answer is no.

12 Q. Was there -- did Methodist make any payment  
13 indirectly based on the revenue from the oral  
14 pharmacy program?

15 A. So Methodist paid the West Clinic, P.C. under  
16 the management services agreement, the professional  
17 services agreement, the asset purchase agreement.  
18 So those were the direct payments that we were  
19 making.

20 We did reimburse specific expenses, like we  
21 just went over -- that was part of the PSA -- that  
22 they may have paid and then were reimbursing for  
23 our expenses that we could have also paid directly.  
24 It was just the way it went through.

25 So there was no payments made related to the

1 conclusion.

2 Q. You've seen the fair market valuations,  
3 correct?

4 A. I've seen the various fair market valuations.

5 Q. Do you understand that all of the valuations  
6 reference an amount of revenue for the service line  
7 that's being managed?

8 MR. ROARK: Object to the form.

9 THE WITNESS: I recognize that a market  
10 value approach that uses revenue to help determine  
11 one of their methodologies is something they did.  
12 And so, yes, in each of the -- each of those, that  
13 was an approach used in determining the valuations.  
14 Each one did it differently --

15 BY MS. SWEET:

16 Q. Okay.

17 A. -- in how it was used.

18 But, yes, I do know total revenues. What  
19 they counted as total revenues based on what we  
20 gave them, sitting here I can't remember.

21 Q. Okay. We'll go over some documents.

22 A. Sure.

23 But, again, if you're asking me if I think  
24 that's appropriate, keep in mind many times what we  
25 did was stop doing outpatient chemo and start doing

1 **A. But other --**

2 MR. ROARK: And -- go ahead.

3 **THE WITNESS: Sorry.**

4 BY MS. SWEET:

5 Q. Go ahead.

6 **A. Other than that, I think you have stated correctly.**

8 MR. ROARK: Subject to the objections --

9 MS. SWEET: Objections? Okay.

10 MR. ROARK: -- and clarifications that we've raised.

12 MS. SWEET: Okay.

13 BY MS. SWEET:

14 Q. At your interview I believe you mentioned that in one year Methodist realized a cost savings of \$50 million through the 340B discount drug program as a result of the transaction with West?

18 **A. Yes.**

19 Q. Do you recall that?

20 Do you know the total amount of cost savings under the 340B drug -- discount drug program throughout the relationship between Methodist and West?

24 **A. I do not, although -- I do not, because we didn't measure it every year separately. That's a**

1 **difficult measurement to do.**

2 Q. Okay. Do you have a ballpark number?

3 **A. No. It grew from, you know, the 14, 4 15 million at first, and I think the 51 million was 5 2017 I saw as I went back through.**

6 **So, you know -- and it -- so you would have 7 to extrapolate that and add '18 into it, so I am 8 not sure. I mean, it's not a number I have added 9 up.**

10 Q. Okay. It's in the -- would you say it's in the hundreds of millions?

12 **A. It would definitely exceed 100 million. I'm 13 not sure it would exceed 200 million.**

14 Q. Okay. What about the increase in revenues as a result of patient referrals from West? Do you have a number for that amount --

17 **A. Okay. What do you mean --**

18 MR. ROARK: Object to the form.

19 BY MS. SWEET:

20 Q. -- that you can point to?

21 **A. -- by "patient referrals"?**

22 Q. So the inpatient referrals.

23 **A. The inpatient referrals. Do I have a number 24 on what we collected? Do I have a number on the 25 margin that we made?**

1 Q. I can ask you the --

2 **A. What do you mean by do I have a number?**

3 Q. Sure. I can ask you for the net profits.

4 **A. Net profits on inpatient by service line or 5 for groups is something we did not routinely do.**

6 **That is for various reasons.**

7 **So let me give you a little history and then 8 come back to why.**

9 Q. Okay.

10 **A. We could act -- we had decided**

11 **philosophically we were going to report our 12 profitability by physical location. So even though 13 Methodist Hospital in Memphis was made up of a bunch 14 of different campuses, we had a different campus and 15 physical location for University, South, North, 16 Germantown, et cetera.**

17 **We had separate physical locations for the 18 outpatient cancer departments that we made 19 hospital-based, so it was very easy to report 20 profitability by physical location.**

21 **So I had request -- cardiac wanted to know 22 what that service line made. OB wanted to know 23 what that service line made. Erich at times wanted 24 to know what the cancer service line made. I could 25 go down the list.**

1 **And I thought that that was not how we 2 managed our organization. It got into some theory 3 because you had to allocate fixed and semi-variable 4 cost, which is very difficult to do and various 5 methods of doing it.**

6 **So I philosophically said that's something 7 we don't need to be wasting our time on. If it's 8 something we need in order to make a management 9 decision or to -- of any type, be it capital or 10 ongoing, we will do that, but to do it on an 11 ongoing basis, we're not going to do it.**

12 **So I historically did not ask or did not 13 receive inpatient profitability for West patients 14 or any other groups, Sutherland, any other group. 15 If there was a need for it and some special runs 16 were done, I would support doing that.**

17 **So, no, I do not have those numbers because 18 that was something that philosophically didn't make 19 sense to me, so I didn't request them.**

20 Q. Okay. For Topic 5 here, any agreements, arrangements or understandings with West that would allow West to continue to operate out of locations that were the subject of -- I'll use your -- I'll use the objection and clarify it -- that were the subject of the asset purchase agreement.



1 all nurse practitioners for The West Clinic at the  
 2 locations outside of Corinth?  
 3 **A. I do not know for sure. I do know we made a**  
 4 **special look on the -- as we went into it that any**  
 5 **people working directly for Corinth did not show up**  
 6 **in the leased employees.**  
 7 Q. I presume West Clinic hired additional nurse  
 8 practitioners over the course of the relationship  
 9 with Methodist from 2012 through 2018?  
 10 **A. Were there more nurse practitioners in 2018**  
 11 **than there were in 2011? I don't know for sure.**  
 12 Q. You don't? Do you know whether there were  
 13 any nurse practitioners at any of the cancer center  
 14 sites that were not leased employees to Methodist?  
 15 **A. Repeat that one.**  
 16 Q. Do you know whether any of the nurse  
 17 practitioners at the cancer center sites --  
 18 **A. At our sites?**  
 19 Q. Yes. Were not -- were not a leased employee  
 20 to Methodist?  
 21 **A. Were --**  
 22 Q. Did they fall outside of the leased employee  
 23 arrangement? Were they an employee of West?  
 24 **A. So at each of the cancer sites, we had**  
 25 **Methodist employees and we had leased employees.**

1 Q. Right.  
 2 **A. So did people at those sites not be part of**  
 3 **the leased employees? Absolutely, yes. Would they**  
 4 **have been on the Methodist payroll system? Yes.**  
 5 Q. Okay. You're not aware of any nurse  
 6 practitioner that Methodist did not reimburse -- it  
 7 gets complicated because of all the different  
 8 arrangements.  
 9 But all I'm really trying to understand is,  
 10 is there anybody that was outside of the agreement  
 11 that was a nurse practitioner that West had  
 12 responsibility for paying that Methodist didn't  
 13 reimburse or wasn't under the LEA?  
 14 **A. Again, that's --**  
 15 Q. You don't know?  
 16 **A. I don't know.**  
 17 Q. Okay. Is there anybody who would know the  
 18 answer to that question?  
 19 **A. The answer is I don't know. Obviously you**  
 20 **can look at the leased employees and it changed**  
 21 **payroll by payroll and see what's on there. Who was**  
 22 **not on there?**  
 23 Q. Yeah.  
 24 **A. I don't know who can answer that.**  
 25 Q. And here also on Exhibit B it lists the

1 pharmacy technician, director of pharmacy operation,  
 2 and the pharmacist.  
 3 Were all of those individuals leased  
 4 employees to --  
 5 **A. I don't believe so.**  
 6 Q. Okay. You'd have to look at the payroll to  
 7 know?  
 8 **A. I'd have to look at the payroll, but I know**  
 9 **we made the decision who's leased and not leased --**  
 10 **the guiding principle was if you touched a patient,**  
 11 **you were on our payroll. If you did not touch a**  
 12 **patient, you were on the leased employees.**  
 13 **So those examples you just gave, I would**  
 14 **think, would show on our payroll, but I'm not sure.**  
 15 Q. Okay. I may or may not have copies of  
 16 payroll with me, but it's quite long, so...  
 17 **A. It is. It is.**  
 18 Q. Do you want to turn to Exhibit 19? It's  
 19 probably in the other binder, but maybe not.  
 20 **A. No, 19's in here.**  
 21 Q. Okay. It's just me that has them in the  
 22 wrong binders.  
 23 **A. Is 19 HealthCare Appraisers' --**  
 24 Q. Yes.  
 25 **A. -- 2012 report?**

1 Q. It's the initial fair market valuation for  
 2 the management services agreement.  
 3 **A. And it's obviously got an exhibit from Erich**  
 4 **Mounce and an MLH Bates number on it.**  
 5 Q. Yes.  
 6 **A. Okay. So it's Exhibit 19 from -- first page**  
 7 **from Erich Mounce in MLH\_027862. So I assume I'm on**  
 8 **the right one.**  
 9 Q. You are. And I'm trying to point you to the  
 10 right page that tells about the administrator being  
 11 paid from the base management fee.  
 12 Page 13, Bates No. 027875, footnote 20.  
 13 **A. I see the footnote.**  
 14 Q. Okay. Did you -- did Methodist ever tell HAI  
 15 that Mr. Mounce was a leased employee and being paid  
 16 directly by Methodist or indirectly by Methodist?  
 17 **A. So my understanding is we gave HIA -- HAI**  
 18 **copies of all the agreements, which would have**  
 19 **included the leased employee agreement, which would**  
 20 **have identified Erich Mounce as a leased employee,**  
 21 **is my understanding.**  
 22 Q. So your understanding is HAI should look  
 23 through the agreements and figure it out?  
 24 MR. ROARK: Object to the form.  
 25 **THE WITNESS: My understanding is**

1 information was provided to HAI that clearly  
2 outlined that in the agreements.

3 BY MS. SWEET:

4 Q. And your understanding was that you could  
5 rely on a fair market value opinion that assumed  
6 information that was contrary to what Methodist was  
7 actually doing?

8 MR. ROARK: Object to the form.

9 **THE WITNESS: I don't know what you're**  
10 **asking.**

11 BY MS. SWEET:

12 Q. Sure you do.

13 **A. No, I don't.**

14 Q. I'm asking --

15 MR. ROARK: Kara, that's argumentative.

16 BY MS. SWEET:

17 Q. I'm asking whether it was fair for Methodist  
18 to rely on a fair market value opinion that had an  
19 assumption Methodist knew to be incorrect.

20 MR. ROARK: Object to the form.

21 **THE WITNESS: So we relied on the**  
22 **opinion that we got from HealthCare Appraisers in**  
23 **total, including the entire report.**

24 **At the time we started this, they hadn't**  
25 **even issued their report until February. So as we**

1 BY MS. SWEET:

2 Q. You don't know? You relied on what your  
3 counsel told you that HAI indicated the fair market  
4 value would be?

5 MR. ROARK: Objection.

6 BY MS. SWEET:

7 Q. Is that what your --

8 MR. ROARK: Privilege.

9 BY MS. SWEET:

10 Q. -- your testimony is?

11 MR. ROARK: I -- Chris, you can't talk  
12 about what discussions that you had with -- if you  
13 had discussions with counsel about the HAI opinion,  
14 I'm instructing you not to answer that.

15 **THE WITNESS: I can't answer it based on**  
16 **instructions from my attorney.**

17 BY MS. SWEET:

18 Q. After you received the fair market value  
19 opinion in February and noticed the footnote, did  
20 you ever change the amount of money that you had  
21 agreed to pay West under the management services  
22 agreement?

23 **A. No.**

24 MR. ROARK: Objection, lacks foundation.

25 ///

1 **finalized the agreements, this final written report**  
2 **was not received until after -- it was received in**  
3 **February of 2012, and the agreement went in place**  
4 **late December 2011.**

5 BY MS. SWEET:

6 Q. You had a draft of the fair market value  
7 opinion prior to entering into the management  
8 services agreement, correct?

9 **A. No.**

10 Q. You did not have a -- Methodist did not  
11 receive a draft of the fair market value opinion  
12 prior to entering into the management services  
13 agreement?

14 **A. No, correct.**

15 Q. How did Methodist determine what number to  
16 put in the management services agreement?

17 **A. We received information from HAI,**  
18 **specifically that are -- from them to our attorneys**  
19 **that were put in the agreement.**

20 Q. Okay. So Methodist counsel had a draft of  
21 the fair market value opinion prior to Methodist  
22 entering into the management services agreement?

23 **A. I don't know.**

24 MR. ROARK: Object to the form.

25 ///

1 BY MS. SWEET:

2 Q. Did you ever advise HAI that the -- that  
3 Mr. Mounce was not being paid out of the base  
4 management fee?

5 **A. Did I personally?**

6 Q. Yes.

7 **A. No.**

8 Q. Did anyone at Methodist?

9 **A. I don't know.**

10 (Reporter asked for clarification.)

11 BY MS. SWEET:

12 Q. What is your -- what is the basis for your  
13 understanding that HAI received a copy of all of the  
14 transaction documents?

15 **A. I'd have to go back and find that. I know --**  
16 **my understanding is with all the documents -- my**  
17 **understanding --**

18 Q. Uh-huh.

19 **A. -- is all the documents were provided to both**  
20 **ECG and HAI as part of both of their fair market**  
21 **value opinions. That is my understanding.**

22 **The basis for that is hard for me to**  
23 **remember at this time.**

24 Q. Can you turn to footnote 24 on page 16? Can  
25 you read what that says out loud?

1 dollar, but approximately how much lower were the  
 2 professional collections in Exhibit 71 than  
 3 Exhibit 70?  
 4 **A. Okay. To do that I would need to do math,**  
 5 **which I'm willing to do if that's what you're**  
 6 **asking.**  
 7 Q. Yeah, that's what I'm asking.  
 8 **A. Okay. Can I have a piece of paper?**  
 9 MS. SWEET: Do you want -- I was going  
 10 to say do you want -- do you have a calculator?  
 11 **THE WITNESS: If I'm ballparking, I'm**  
 12 **going to do it --**  
 13 MS. SWEET: Okay.  
 14 **THE WITNESS: -- in my head.**  
 15 **If we need to get a specific**  
 16 **calculation, I can do that too, if need be.**  
 17 **So just so you know, what I'm doing is**  
 18 **I'm going to compare answer 7 between the two for**  
 19 **those two categories and come up with a reasonable**  
 20 **estimate of the differences.**  
 21 MS. SWEET: You also have to do it for 9  
 22 as well.  
 23 MR. ROARK: Right.  
 24 BY MR. ROARK:  
 25 Q. It's 7 and 9.

1 **A. 7 and 9, correct. Correct. So let me figure**  
 2 **out a good way to do the math.**  
 3 (Pause in proceedings.)  
 4 **THE WITNESS: I'll mess up you all's**  
 5 **books.**  
 6 MS. SWEET: He's writing on that?  
 7 That's okay.  
 8 MR. ROARK: No, he just took out a page  
 9 from the exhibits so he can compare.  
 10 **THE WITNESS: Okay. So I did make the**  
 11 **comparisons, each of those various schedules between**  
 12 **the two. And I come up with around \$19.7 million,**  
 13 **rounded, difference between the first set of**  
 14 **interrogatories and the second set of**  
 15 **interrogatories. So that's the math I calculate.**  
 16 BY MR. ROARK:  
 17 Q. So the total estimated professional  
 18 collections in Exhibit 71 is about \$19.7 million  
 19 lower than Exhibit 70?  
 20 **A. Yes, that's what I calculated.**  
 21 MR. ROARK: That's all that I have.  
 22 MS. SWEET: Okay.  
 23 MR. VROON: Are you talking about all  
 24 physicians --  
 25 MS. SWEET: No, it's --

1 MR. VROON: -- or oncologists?  
 2 **THE WITNESS: I compared -- there's two**  
 3 **categories, 7 and 9. I compared 7 --**  
 4 MR. ROARK: Hold on. Mr. Vroon can't  
 5 ask you questions today.  
 6 MR. VROON: I'm just trying to clarify,  
 7 because you didn't say whether it was calculating  
 8 No. 7 or No. 9, Brian. I wanted to know.  
 9 MR. ROARK: Kara clarified. And I'm  
 10 happy to put it on the record.  
 11 BY MR. ROARK:  
 12 Q. Mr. McLean, when you -- the numbers that  
 13 you're comparing, does that include the professional  
 14 collections from the answer to Interrogatory No. 7  
 15 and Interrogatory No. 9?  
 16 **A. Yes.**  
 17 MR. ROARK: All right. That's all.  
 18 THE VIDEOGRAPHER: We are going off the  
 19 record at 6:00 p.m.  
 20 FURTHER DEPONENT SAITH NOT  
 21 (Proceedings concluded at 6 p.m.)  
 22  
 23  
 24  
 25

1 REPORTER'S CERTIFICATE  
 2  
 3 STATE OF TENNESSEE  
 4 COUNTY OF Davidson  
 5  
 6 I, Terri Beckham, RMR, CRR, and licensed  
 7 Court Reporter, with offices in Nashville,  
 8 Tennessee, hereby certify that I reported the  
 9 foregoing deposition of CHRIS MCLEAN by machine  
 10 shorthand to the best of my skills and abilities,  
 11 and thereafter the same was reduced to typewritten  
 12 form by me. I am not related to any of the parties  
 13 named herein, nor their counsel, and have no  
 14 interest, financial or otherwise, in the outcome of  
 15 the proceedings.  
 16 I further certify that in order for this  
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